

ITEM 6

GMCA Audit Committee

Date: 30 July 2019

Subject: Internal Audit Progress Report

Report of: GMCA Treasurer and Head of Audit and Assurance

PURPOSE OF REPORT

The purpose of this progress report is to inform Members of the Audit Committee of the progress to date of the delivery of the Internal Audit Plan. It is also used as a mechanism to approve and provide a record of changes to the internal audit plan.

This report is formatted differently to those previously received, comments and feedback would be welcomed on the format and content to ensure it meets your requirements going forwards.

RECOMMENDATIONS:

Audit Committee is requested to consider and comment on the Head of Audit and Assurance's progress report.

CONTACT OFFICERS:

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Risk Management – see paragraph

Legal Considerations – see paragraph

Financial Consequences – Revenue – see paragraph

Financial Consequences – Capital – see paragraph

Number of attachments included in the report: None

BACKGROUND PAPERS:

- Internal Audit Plan 2019/20 – April 2019

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		No
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		No
TfGMC	Overview & Scrutiny Committee	
N/A	N/A	

1 Introduction

- 1.1 The annual audit plan for GMCA was presented to the April 2019 Audit Committee and allocated 487 days of internal audit support in 2019/20.
- 1.2 Separate plans are approved by Transport for Greater Manchester (TfGM) and Greater Manchester Police (GMP) / Police and Crime Functions with reporting to their respective Audit, Risk and Assurance Committee (ARAC) and Joint Audit Panel.
- 1.3 The purpose of this progress report is to provide Members with an updated against the GMCA core plan and an update on Internal Audit Resourcing plans.

2 Internal Audit Team

- 2.1 A new Head of Audit and Assurance for GMCA was appointed and came into post on 29 April 2019. This is a joint appointment between GMCA and TfGM.
- 2.2 The Head of Audit and Assurance will be, as a matter of priority, establishing a permanent audit team within GMCA with capacity to deliver all of the approved audits within the GMCA and GMP internal audit plans. The priority is to appoint an Audit Manager who can then assist in the recruitment of other internal audit staff and development of the GMCA “Core” internal audit team. At the present time Manchester City Council have continued to support the GMCA Audit team until such time the in-house team is established.
- 2.3 The Head of Audit and Assurance will also review the internal audit methodology, process and reporting formats with a view to standardising these across GMCA, GMP and TfGM. Feedback will be sought from stakeholders in relation to any proposed changes. The first such changes that will be observed by the Audit Committee are the format of this progress.

3 Progress against the 2019/20 Internal Audit Plan

- 3.1 Three reports have been issued since the last meeting of the Audit Committee, as noted below
 - Business Energy and Industrial Strategy (BEIS) – Mandatory Grant Certification
 - Procurement Waiver Exemptions – Moderate Assurance
 - Employee Expenses – Moderate Assurance (DRAFT for Management Comment)
- 3.2 Details of the number and priority of agreed actions in respect of these audits are attached in Appendix A.
- 3.3 Over time, key themes emerging from our audit work will **be reported** to the Audit Committee. These themes may be related to certain topics or competences (for example contract management, procurement or functionality of IS systems) or whether **there are trends** in findings being related to control design or operating effectiveness.

3.4 Work is currently underway in the following areas:

Planning and Scoping:

- Pot Hole Action Fund 2018/19 – Mandatory Grant Certification

Fieldwork:

- National Productivity Investment Fund (NPIF) 2018/19 – Mandatory Grant Certification
- GM Energy Market - Mandatory Grant Certification

Reporting:

- ICT Strategy, Governance and Programme Management

Other activities completed:

- Corporate Risk Register workshop and update (Q1)
- Audit needs assessment for GMFRS block of work (See Section 4)

3.5 Details of our progress in respect of the 2019/20 Audit Plan is shown in Appendix B.

4 GMFRS Block Allocation

Within the 2019/20 Internal Audit plan there is a block of days allocated to GMFRS audits. The Head of Audit and Assurance has met with the Chief Fire Officer, Deputy Mayor and Director of Corporate Support to discuss potential audit areas. The GMFRS Corporate Risk Register and recent HMICFRS reports have also been taken into consideration when proposing the audits to be included in the plan. Internal Audit are currently in discussion with GMFRS to undertake the audits proposed in the table below in 2019/20. This is an allocation of 100 days, which is more than originally planned but given the current risk profile of GMFRS this level of resource is felt to be appropriate. Comments on the proposed plan would be welcomed.

Audit	Objective	Days
Vehicle Workshops – fleet maintenance	It is essential that the fleet is maintained effectively whilst also achieving value for money. This audit will examine the processes for budgeting for fleet maintenance along with the ongoing monitoring of costs. An assessment of how value for money is measured and demonstrated	20
Recruit training design and effectiveness	An audit of end to end process for recruit training. This will incorporate: identification of training needs and training outcomes definition. The design and implementation of training programmes; assessment and outcomes measurement.	20
Bury training centre – utilisation review	Bury training centre is not currently fully utilised. Following on from the recruit training audit, this audit will consider how utilisation of the training facilities is planned, monitored and optimised.	15
HMICFRS Actions Implementation	A review of the progress of any actions identified as a result of the HMICFRS Inspection report issued in June 2019.	10
Programme for Change (PfC)*	Internal Audit will maintain a view of where assurance is provided for PfC. If deemed necessary, internal audit work will be planned and agreed with Audit Committee and CFO.	TBC
Contract Management – NW Fire Control	This audit will assess the framework in place for contract management, reviewing the processes and controls in place for monitoring the performance contracts. Focussing on the joint NW Fire Control Room, it will consider the mechanisms for monitoring performance and ensuring that the provision is providing value for money.	20
Payroll	A review of the interface between iTrent and BWO to identify the cause of differences between the systems identified by the external auditors.	15

*Note: It should be noted that at present, no specific work is proposed for Programme for Change (PfC). This is a large strategic initiative currently being undertaken by the Fire Service. Whilst it is vital that assurance over the programme is obtained, the Portfolio Office from TfGM have been consulted to provide assistance / mechanisms for providing assurance over the programme. Internal Audit will remain in contact with both GMFRS and TfGM Portfolio Office in order to understand what assurance is being provided and agree with GMFRS and the GMCA Audit Committee the level of Internal Audit involvement.

5 Changes to the Internal Audit Plan

- 5.1 The internal audit plan is regularly reviewed and can be amended to reflect changing risks and/or objectives. In line with the Internal Audit Charter, significant changes to the plan must be approved by the Audit Committee.
- 5.2 There are **no changes** being requested for approval at this time.

5.3 Should any changes be requested an Appendix to this report will provide a record of changes to the approved plan along with the date they were approved by the Committee.

Appendix B – Progress against the Internal Audit Plan 2019/20

The table below shows progress made in delivery of the 2019/20 Internal Audit Plan.

Key: ○ Not Yet started ⊙ Scheduled ● In progress ● Complete

Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Finance and Investment	Employee Expenses	Q1	●	●	●	⊙		
Procurement and Contracts	Procurement Waiver Exemptions	Q1	●	●	●	●	July 2019	
Digital	ICT Strategy Governance and Programme Management	Q1	●	●	⊙	○		
IA Management	Annual Governance Statement 2018/19	Q1	●	●	●	●	June 2019	
Grants	BEIS 2018/19	Q1	●	●	●	●	July 2019	
Grants	NPIF 2018/19	Q2	●	●	○	○		
Grants	GM Energy Market	Q2	●	○	○	○		
Grants	Pot Hole Action Fund 2018/19	Q2	●	○	○	○		
Skills	Work and health programmes (b/f)	Q3	○	○	○	○		
Policy and Strategy	Strategy and business planning - monitoring	Q3	○	○	○	○		
Policy and Strategy	Business case and bid development	Q3	○	○	○	○		

Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Finance and Investment	Core financials systems	Q3	○	○	○	○		
Finance and Investment	Grants assurance review	Q3	○	○	○	○		
GM Waste and recycling	GM Waste contract	Q3	○	○	○	○		
Adult education	Adult education budget	Q3	○	○	○	○		
Troubled families	Troubled families framework	Q3	●	○	○	○		
IA Management	Risk Management framework	Q3	○	○	○	○		
ICT	TBC	Q3/4	○	○	○	○		
GMFRS	Block allocation	Q3/4	●	○	○	○		
GMFRS	GMFRS HMCIFRS inspection / PFC	Q3	●	○	○	○		
Finance and Investment	GMCA/LEP SPAF	Q4	○	○	○	○		
Housing, planning and homelessness	GM Housing Investment Loan Fund (GMHILF)	Q4	○	○	○	○		
Housing, planning and homelessness	GM Investment decisions	Q4	○	○	○	○		
Housing, planning and homelessness	Housing and planning	Q4	○	○	○	○		

Audit Area	Audit	Timing	Planning	Fieldwork	Draft Report	Final Report	Audit Committee	Comments
Digital	Digital programme governance	Q4	○	○	○	○		
IA management	Annual Governance Statement	Q4	○	○	○	○		
IA management	Corporate risk register (CRR) facilitation	All	●	●	●	●	June 2019	Q1/4 Completed